

Financial Policies and Procedures

Proper internal controls are essential for all organizations. Critical to the implementation of these controls is an appropriate level of segregation of duties. This is very difficult for a small nonprofit to accomplish due to the size of the staff and/or the number of volunteers. Although the entire Board carries fiduciary responsibility for the organization, the finance committee serves a leadership role in this area. The finance committee will be charged with writing the policy and procedure for how the staff and volunteers will manage the financial duties in the new clinic to reduce the likelihood of errors or fraud.

A general list of accounting functions for which policies are needed include:

- General Financial Controls
- Check Writing
- Management of donations, grants
- Division of duties
- Bank Reconciliation
- Monthly Reports
- Deposits
- Petty Cash
- Payroll
- Expenses
- Tax Filings
- Record Keeping
- Investments
- Cash reserve
- Audits

Finance committees are also often charged with protecting the organization and managing its exposure to risk by ensuring compliance and/or developing other policies.

These include establishing policies surrounding:

- Personnel policies
- Executive compensation packages (in the absence of a separate human resources committee)
- Long-term contracts or leases
- Loans or lines of credit
- Internet use and computer security
- Capital purchases
- Disposition of donated stock
- Insurance requirements and reviews
- Record retention
- Gift acceptance